

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

**OIL AND GAS DOCKET
NO. 04-0290063**

**IN THE SON OF ZUNI, S. (VXBG) FIELD,
KLEBERG COUNTY, TEXAS**

**FINAL ORDER
APPROVING THE APPLICATION OF EOG RESOURCES, INC.
FOR A NEW FIELD DESIGNATION AND ADOPTING
TEMPORARY FIELD RULES FOR THE
SON OF ZUNI, S. (VXBG) FIELD
KLEBERG COUNTY, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on September 23, 2014, the presiding examiners have made and filed a report and recommendation containing findings of fact and conclusions of law, for which service was not required; that the proposed application is in compliance with all statutory requirements; and that this proceeding was duly submitted to the Railroad Commission of Texas at conference held in its offices in Austin, Texas.

The Commission, after review and due consideration of the examiners' report and recommendation, the findings of fact and conclusions of law contained therein, hereby adopts as its own the findings of fact and conclusions of law contained therein, and incorporates said findings of fact and conclusions of law as if fully set out and separately stated herein.

Therefore, it is **ORDERED** by the Railroad Commission of Texas that the application of EOG Resources, Inc. for a new field designation for the Son of Zuni, S. (VXBG) Field (ID No. 84602500), Kleberg County, Texas, be and hereby is approved.

It is further **ORDERED** that the following Temporary Field Rules shall be adopted for the Son of Zuni, S. (VXBG) Field, Kleberg County, Texas:

RULE 1: The entire correlative interval from 12,700 feet to 14,300 feet as shown on the High Definition Induction Log of the King Ranch Laguna Larga Lease, Well No. 890 (API No. 42-273-32626), Kleberg County, Texas, shall be designated as a single reservoir for proration purposes and be designated as the Son of Zuni, S. (VXBG) Field.

RULE 2: No gas well shall hereafter be drilled nearer than FOUR HUNDRED SIXTY-SEVEN (467) feet to any property line, lease line, or subdivision line. There is no minimum between well spacing requirement. The aforementioned distances in the above rule are minimum distances to allow an operator flexibility in locating a well and the above spacing rule and the other rules to follow are for the purpose of permitting only one well to each drilling and proration unit in the field. Provided however, that the Commission will grant exceptions to permit drilling within shorter distances and drilling more wells than herein prescribed whenever the Commission shall have determined that such exceptions

are necessary either to prevent waste or to prevent the confiscation of property. When exception to these rules is desired, application therefore shall be filed and will be acted upon in accordance with the provisions of Commission Statewide Rules 37 and 38, which applicable provisions of said rules are incorporated herein by reference.

In applying this rule, the general order of the Commission with relation to the subdivision of property shall be observed.

RULE 3: The acreage assigned to an individual gas well for the purpose of allocating allowable production thereto shall be known as a proration unit. The standard drilling and proration units are established hereby to be FORTY (40) acres. No proration unit shall consist of more than FORTY (40) acres. All proration units shall consist of continuous and contiguous acreage which can reasonably be considered to be productive of gas. No double assignment of acreage will be allowed. There is no maximum diagonal limitation in this field.

It is further **ORDERED** that these rules are temporary and effective until July 13, 2016, or until Commission staff evaluates appropriate data after notice and opportunity for hearing as offered by the Commission prior to the expiration of the rules. After this notice and opportunity for hearing, should the evidence evaluated during review be insufficient to sustain spacing or proration unit rules, these temporary rules, on the Commission's own motion, will be terminated and the field will revert to Statewide spacing and density rules.

Done this 27th day of January, 2015.

RAILROAD COMMISSION OF TEXAS

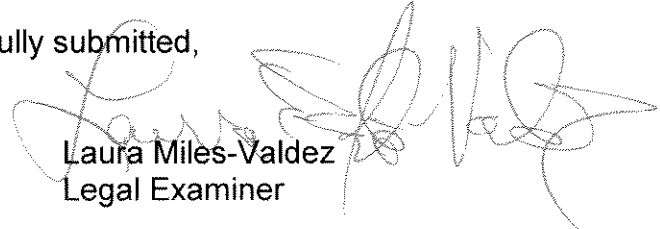
**(Order approved and signatures affixed by
Hearings Division Unprotested Master Order
dated January 27, 2015)**

EXAMINERS' RECOMMENDATION

Based on the above findings of fact and conclusions of law, the examiners recommend that the Commission approve the new field designation and adopt field rules for the proposed Son of Zuni, S. (VXBG) Field, Kleberg County, Texas as requested by EOG Resources, Inc.

Respectfully submitted,


Karl Caldwell
Technical Examiner


Laura Miles-Valdez
Legal Examiner